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TEL AVIV FOR JASON GRUBB

E.O. 12958: N/A

TAGS: ETTC KOMC IS

SUBJECT: BLUE LANTERN: VERIFYING BONA FIDES OF REGISTERED
BROKER AVI EZRA - CASE NO. K-1623

REF: A. SECTION 38(B)(1)(A)(II) OF THE ARMS EXPORT CONTROL
1B. ACT (AECA)(22 U.S.C. 2778)

11. This is an Action Request. See paragraphs 3-4.

12. U.S. embassies have frequently inquired about the
legitimacy of arms export transactions involving U.S.
contractors and host-country partners in support of U.S.
efforts in Iraq and Afghanistan, or other U.S. government
programs. The Department's Office of Defense Trade Controls
Compliance (PM/DTCC) wishes to inform Post that U.S. or
foreign persons who are involved in brokering U.S. defense
articles or services, or any defense articles or services
pursuant to U.S. procurement contracts for Iraq and
Afghanistan or other destinations under USG auspices, must be
registered with PM/DTCC and obtain Department's approval for
their brokering activities.

13. ACTION: PM/DTCC requests Post's assistance in conducting
an inquiry into the brokering activities of the U.S.
registered broker listed below to substantiate its bona
fides. Department requests that Post conduct a site visit to
the company in order to assess its business operations,
on-site security, and reliability as a broker/recipient of
United States Munitions List (USML) items. If a site visit
is not possible, please inform the PM/DTCC case officer.
Post is requested to complete this inquiry within 60 days:

AVI EZRA, GENERAL MANAGER
AMERICAN AVIATION, LTD.
17 HATIDHAR STREET
INDUSTRAIL ZONE
RA'ANANA, ISRAEL 43000
TEL: 972 0 9 7487

14. The following points are provided for guidance:

-- Confirm that this entity is in the business of brokering
defense articles and defense services at the location(s)
indicated under its legal name(s);

-- Determine whether this entity is authorized to conduct
such activities in its home country, whether the entity has
any criminal or other derogatory background, and whether Post
has any information on its brokering or arms export
activities that may involve proscribed entities such as
countries under U.S. or international sanctions, or
designated state sponsors of terrorism;

-- Will the brokering firm be handling or storing USML items
on behalf of its clients? If so, does it have secure
facilities and proper accounting and security procedures for
handling sensitive USML items?

-- When was the company established and who are its principals? How many employees?

-- What is the nature of its business and what other types of items does it handle?

-- What types of organizations are among its typical clients and in what countries are they located?

-- Does the company understand the restrictions on USML items, especially the prohibition against unauthorized re-transfers and re-exports?

END ACTION.

BACKGROUND ON BROKERING REGISTRATION AND AUTHORIZATION

¶5. PM/DTCC provides the following background information on the requirements for registration and obtaining prior approvals for brokering activities:

The requirements for Registration and Obtaining Prior Approvals for Brokering Activities are based in the Arms Export Control Act (AECA). The Brokering Requirements are administered by PM/DTCC.

Section 38(b)(1)(A)(II) of the AECA requires registration for any person "who engages in the business of brokering activities with respect to the manufacture, export, import, or transfer of any defense article or defense service".

According to the International Traffic in Arms Regulations (ITAR) Section 129.2(a), a broker is defined as:

"any agent for others in negotiating or arranging contracts, purchases, sales or transfers of defense articles or defense services in return for a fee, commission, or other consideration."

Additionally, ITAR Section 129.2(b) states that "brokering activities means acting as a broker as defined (above), and includes financing, transportation, freight forwarding, or taking of any other action that facilitates the manufacture, export or import of a defense articles or defense service, irrespective of its origin."

Authorization is typically required for brokering activity. However, some activities are exempt from these requirements depending on the commodity, the countries involved, and the existence of previous authorizations. Any questions about specific cases may be directed to this office to the attention of Deborah Carroll, Chief, Compliance & Registration. Phone: 202-663-2809; SIPRNET carrolld@state.sgov.gov.

End background on brokering registration and authorization.

¶6. Please slug reply for PM/DTCC and include the words "Blue Lantern Broker Inquiry" and the case number in the Subject line. POC is Rachael-Therese S. Joubert-Lin, Phone: 202-663-2950; Email: JoubertLinRS@state.sgov.gov; SIPRNET:JoubertLinRS@state.sgov.gov. The Blue Lantern Guidebook is available as a PDF file at http://www.intelink.sgov.gov/wiki/Blue_Lantern
End-Use Monitoring Program.

¶7. Department is grateful for Post's assistance in this matter.

CLINTON